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R 172010Z OCT 06
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC 0901
INFO RUEHAC/AMEMBASSY ASUNCION 6192
RUEHBO/AMEMBASSY BOGOTA 3506
RUEHBR/AMEMBASSY BRASILIA 7369
RUEHBU/AMEMBASSY BUENOS AIRES 4628
RUEHBY/AMEMBASSY CANBERRA 0038
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RUEHPE/AMEMBASSY LIMA 1926
RUEHME/AMEMBASSY MEXICO 1822
RUEHMN/AMEMBASSY MONTEVIDEO 4090
RUEHOT/AMEMBASSY OTTAWA 0449
RUEHQT/AMEMBASSY QUITO 4519
RUEHSG/AMEMBASSY SANTIAGO 9095
RUEHKO/AMEMBASSY TOKYO 0255
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
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UNCLAS LA PAZ 002798

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SENSITIVE
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STATE FOR WHA/AND LPETRONI
COMMERCE FOR JANGLIN
TREASURY FOR SGOOCH
ENERGY FOR CDAY AND SLADISLAW

E.O. 12958: N/A

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SUBJECT: STAND-OFF BETWEEN MINERS AND GOB CONTINUES

REF: LA PAZ 2729

¶1. (U) Summary: Nearly two weeks after October 5-6 clashes between cooperative miners and state mining employees (reftel), the stand-off between miners and the GOB continues. Cooperatives accepted a GOB proposal to provide compensation to affected families but rejected an offer to convert cooperative miners into salaried employees; while they later agreed to reconsider the latter, the situation remains tense. End summary.

¶2. (U) Nearly two weeks after October 5-6 clashes between cooperative miners and state mining employees in Huanuni (reftel), the stand-off between miners and the GOB continues. While carefully avoiding legal responsibility for the conflict, President Morales promised October 12 to cover funeral expenses for the 16 dead; provide medical attention to the 81 wounded; ensure financial support for affected families; and reconstruct an estimated 150 homes. National Federation of Cooperative Miners (FENCOMIN) President Pascual Huarachi accepted the proposal but accused the GOB of lacking concrete solutions to the miners' larger demand: the reactivation of Bolivia's mining sector.

¶3. (U) Miners' cooperatives in Huanuni later rejected the GOB's October 13 offer to convert the town's 4,000 cooperative miners into salaried employees of Empresa Minera Huanuni, the firm overseeing the site's tin mining operations. FENCOMIN leaders called the proposal a "joke" and demanded a comprehensive solution to ongoing conflicts between cooperative miners and state mining employees. While FENCOMIN later agreed to reconsider the offer - after the Morales administration revealed it would pay newly converted miners approximately \$412 per month, an amount close to miners' average income - the situation remains tense. FENCOMIN President Huarachi announced that the heads of the

organization's ten member cooperatives would consider the proposal October 17 and convene a general assembly the following week to determine a unified position.

14. (SBU) Comment: While GOB officials continue to negotiate with both cooperative and salaried miners, the groups' competing demands and history of enmity will likely make a comprehensive solution difficult. Even if the GOB resolves the current stand-off, pressure from miners may continue, as the groups have high expectations of a rejuvenated mining sector - which the GOB may be unable to meet - and can mobilize thousands of supporters to press their demands. End comment.

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